

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 128 – HB 576

February 14, 2023

SUMMARY OF BILL: Requires the Division of TennCare (Division) to create a pilot program for FY24-25 that provides doula care services to a qualified TennCare enrollee for up to 12 months postpartum. Authorizes the Division to seek a federal waiver if necessary to implement the program. Effective July 1, 2023 to July 1, 2025.

FISCAL IMPACT:

Increase State Expenditures – Net Impact – \$1,808,600/FY24-25

Increase Federal Expenditures – Net Impact – \$3,431,400/FY24-25

Assumptions:

- In calendar year 2021, the Division covered 41,918 births. This number is assumed to remain constant.
- The pilot program will cover a pregnant TennCare recipient who has an increased likelihood of experiencing a higher-risk pregnancy, or who does not have access to a licensed OB/GYN who participates in TennCare.
- This estimate assumes 25 percent of all covered pregnant women will participate in the pilot program, or 10,480 (41,918 x 25.0%).
- The cost of coverage per doula is estimated to be \$900 for perinatal and postpartum services. This would lead to an increase in expenditures of \$9,432,000 (10,480 x \$900) annually.
- Medicaid expenditures receive matching funds at a rate of 65.485 percent federal funds to 34.515 percent state funds. Of this amount, \$3,255,455 (\$9,432,000 x 34.515%) will be in state funds and \$6,176,545 (\$9,432,000 x 65.485%) will be in federal funds.
- Based on lower preterm and cesarean birth rates associated with women who receive doula support, the average savings per birth using a doula is estimated to be about \$400. This could mean a potential decrease in total expenditures of \$4,192,000 (10,480 x \$400). Of this amount, \$1,446,869 (\$4,192,000 x 34.515%) will be in state funds and \$2,745,131 (\$4,192,000 x 65.485%) will be in federal funds.
- The total net increase in state expenditures is estimated to be \$1,808,586 (\$3,255,455 - \$1,446,869) in FY24-25.
- The total net increase in federal expenditures is estimated to be \$3,431,414 (\$6,176,545 - \$2,745,131) in FY24-25.

- The Division will have to request a TennCare waiver or State Plan Amendment change from the Centers for Medicare and Medicaid Services to provide such services; however, this can be done utilizing existing resources.

IMPACT TO COMMERCE:

Increase Business Revenue – Net Impact – \$5,240,000/FY24-25

Increase Business Expenditures – Net Impact – Less than \$5,240,000/FY24-25

Assumptions:

- Individuals who provide doula services will experience an increase in business revenue for providing services estimated to be \$9,432,000.
- Hospitals will experience a decrease in business revenue from TennCare expenditures estimated to be \$4,192,000 due to a decrease in preterm and cesarean birth rates.
- A net increase in business revenue of \$5,240,000 (\$9,432,000 - \$4,192,000).
- For companies to retain solvency, any increased expenditures will be less than the amount of increased revenues collected. Therefore, the net increase in business expenditures is estimated to be less than \$5,240,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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